

Fiscal Estimate - 2005 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 05-3594/1		Introduction Number AB-885	
Description Requiring the Department of Agriculture, Trade and Consumer Protection to promulgate rules prescribing fair methods of competition in the construction of new residential or noncommercial property and granting rule-making authority			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115(1)(a)			
Agency/Prepared By		Authorized Signature	
DATCP/ Michelle Reinen (608) 224-5160		Karen Van Schoonhoven (608) 224-4800	
		Date	
		11/30/2005	

Fiscal Estimate Narratives

DATCP 12/21/2005

LRB Number	05-3594/1	Introduction Number	AB-885	Estimate Type	Original
Description Requiring the Department of Agriculture, Trade and Consumer Protection to promulgate rules prescribing fair methods of competition in the construction of new residential or noncommercial property and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department to promulgate rules prescribing fair methods of competition in the construction of new residential or noncommercial property and enforce such rules.

The Department assumes there is an expectation that this rule will be developed according to the same standard we have historically used to develop over 30 other fair trade practice rules. We assume that because the rule will specify fair methods of competition, it will generate consumer complaints and require enforcement action by the Department, resulting in a significant increase in work load.

The Department has a great deal of experience dealing with contractors and the home improvement industry as we receive approximately 900 formal written complaints relating to home improvement trade practices annually, consistently placing home improvement in the Top 10 Consumer Complaints list. The Department addresses these complaints through investigation, mediation and education under the Residential Home Improvement Trade Practices rule, ATCP 110.

The Wisconsin Builders Association estimates that in 2003 there were over 31,100 new home construction projects started in Wisconsin; however, this number is increasing annually. Historically, about 1% of consumers affected by a business trade practice file complaints.

It is assumed that based on the time and money involved in a new home construction project, at least 5% of the consumers affected by this new rule will file complaints. This would result in over 1,500 new formal consumer complaints per year. The Department estimates 150 of these complaints will require assignment to investigate staff for detailed investigation. Typically, these investigations will involve multiple jurisdictions. The Department estimates an additional workload of 8000 hours to administer and enforce the rule.

The Department estimates 1.0 FTE will be necessary for rule development for one year.

In addition the Department estimates 4.0 FTE Consumer Protection Investigators will be necessary for enforcement of the rule promulgated under this bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One time costs (for 4 FTEs), office setup, computer, telephone service, supplies = \$40,000. One time cost (1 FTE for one-year) for rule development = \$72,200 Total One Time Cost = \$112,200	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$198,800
(FTE Position Changes)	(4.0 FTE)
State Operations - Other Costs	50,000
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$248,800 \$
B. State Costs by Source of Funds	
GPR	248,800
FED	
PRO/PRS	
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)	
	Increased Rev Decreased Rev
GPR Taxes	\$ \$
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$ \$
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$248,800 \$
NET CHANGE IN REVENUE	\$ \$
Agency/Prepared By	Authorized Signature Date
DATCP/ Michelle Reinen (608) 224-5160	Karen Van Schoonhoven (608) 224-4800 11/30/2005